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GOVERNMENT AND ADMINISTRATION

Rhodesia

Following the victory of the Zimbabwe African National Union – Patriotic Front (ZANU (PF)) in the Rhodesian elections in February, Mr Robert Mugabe will be Prime Minister in Government which will lead Rhodesia to independence on 18 April as the Republic of Zimbabwe. On independence, Zimbabwe will become a non-aligned state and will seek membership of the United Nations and the Commonwealth.

In a message congratulating Mr Mugabe on his election victory, the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington, wished him success in forming a Government which would offer the prospect of a peaceful and stable future for the people of Zimbabwe.[1] Lord Carrington also expressed his confidence that Mr Mugabe would do all in his power to work for national unity and reconciliation in the country.

The Elections

Mr Mugabe's ZANU (PF) won 57 of the 80 common roll seats in the House of Assembly, with Mr Joshua Nkomo's Patriotic Front securing 20 seats and Bishop Abel Muzorewa's United African National Council (UANC) gaining three seats. Some 2·7 million people voted in the election, which took place between 27 and 29 February and was contested on a party list system in eight electoral districts, this representing about 94 per cent of the estimated electorate. The full results of the election, which were announced on 4 March, are shown opposite.

The 20 white seats in the House of Assembly, elections for which took place on 14 February, were all won by Mr Ian Smith's Rhodesian Front, only six of them being contested.

In an interim report on the conduct of the elections, published on 3 March, the Election Commissioner, Sir John Boynton, informed the Governor that, despite some distortion of voting as a result of intimidation in certain areas, the overall result would broadly represent the wishes of the people. Similarly, in its interim report, issued on 2 March, the Commonwealth Elections Observer Group said that 'the election up to the end of polling can be considered to have been free and fair to the extent that it provided an adequate and acceptable means of determining the wishes of the people in a democratic manner. This view', it continued, 'is fortified by the high turnout, and the orderly and manifestly relaxed manner in which such a large percentage of voters went to the polls.' Other international observers were virtually unanimous in viewing the elections as free and fair in the circumstances; as also were the members of an all-party British parliamentary group.

	Votes	% *Total Vote*	*Seats*
National Democratic Union	15,056	0·568	—
National Front of Zimbabwe	18,794	0·709	—
Patriotic Front	638,879	24·113	20
United African National Council	219,307	8·277	3
United National Federal Party	5,796	0·219	—
United People's Association of Matabeleland	1,181	0·045	—
Zimbabwe African National Union	53,343	2·013	—
Zimbabwe African National Union – Patriotic Front	1,668,992	62·992	57
Zimbabwe Democratic Party	28,181	1·064	—

British Views

Reporting the results of the election to the House of Lords on 4 March (*Hansard* (*HL*), Vol 406, No 91, cols 143-53) Lord Carrington said that 'the need now is for national unity and reconciliation', and the Governor, Lord Soames, had therefore asked Mr Mugabe 'to set in train the process of forming a Government which can contribute effectively to these goals'. An important step towards reconciliation and the integration of forces had already been taken with the start of joint training between units of Mr Mugabe's and Mr Nkomo's forces and units of the Rhodesian Army, under the supervision of British members of the cease-fire monitoring force. The growing confidence and contact between the two forces meant that the role of the monitoring force was increasingly one of liaison and training, and a phased reduction in its size was now under way.

The people of Rhodesia, the Foreign Secretary said, had now made their choice of Government under conditions agreed by all the parties at

[1] On 11 March Mr Mugabe announced that his Cabinet will comprise 23 portfolios, four of which will be held by members of Mr Joshua Nkomo's Patriotic Front, including Mr Nkomo as Minister for Home Affairs, and two, the Ministry of Commerce and Industry and the Ministry of Agriculture, by white Zimbabweans. Mr Mugabe will be Minister for Defence as well as Prime Minister.

Lancaster House, who had committed themselves to accept the outcome of the election (see pp 364-70, 1979). It was no less important that the other aspects of the Lancaster House agreements should be faithfully observed. The independence constitution which would shortly come into force would provide safeguards for the minority community and ensure that it would continue to play its full part in the life of the country. Britain's task now was to assist in the orderly transfer of power to a stable government. The Governor would do all that he could to ease the transition and to help overcome whatever problems might arise in the period until independence.

Speaking for the Official Opposition, Lord Goronwy-Roberts congratulated Mr Mugabe on his electoral victory and wished him well in the immense tasks that faced him and the people of Zimbabwe in the future – in particular the task of reuniting a country which had only recently emerged from a long period of destruction and bloodshed, and that of building a true democracy, a free society and a prosperous economy. He also expressed the hope that Britain and Zimbabwe would, from the very start, establish relations of strong friendship and wide-ranging co-operation.

Parliamentary Salaries and Allowances

The Government has accepted the conclusion of the Review Body on Top Salaries that a regular independent review of parliamentary salaries remains the best way of dealing with parliamentary pay, and that salary linkage – that is, relating the salaries of Members of Parliament (MPs) to one or more analogues in the professional field – would be inappropriate. The Review Body has also made recommendations on parliamentary allowances and pension arrangements.

The Report

The Review Body on Top Salaries, under the chairmanship of Lord Boyle, was invited in October 1978 to make recommendations on parliamentary and ministerial salaries and allowances; the first part of its report was published in June 1979 (see pp 175-6, 1979). It was subsequently asked to consider the questions of support allowance for ministers and other office holders in the House of Lords and of salary linkage. Its remaining recommendations are contained in the present report, published in February.[1]

Secretarial Allowances

The report proposes that the present secretarial allowances of £4,600 a year payable to MPs should be replaced by two allowances with separate maxima of £5,500 for secretarial allowance and £1,250 for part-time research assistance. It also suggests that secretaries should be made employees of the House of Commons rather than of individual MPs. On matters of severance pay and pensions for secretaries, no change in existing arrangements is recommended.

Parliamentary Pension Scheme

The report concludes that the present rate of accrual is satisfactory, and recommends greater flexibility in the time limit within which MPs may transfer existing pension rights into the parliamentary scheme.

Other Parliamentary Allowances and Facilities

Recommendations include higher severance pay for older and longer-serving MPs who lose their seats; the payment of an allowance of up to £1,000 a year for ministers and other office holders in the House of Lords for secretarial assistance to deal with non-departmental correspondence; and the reimbursement of MPs for the costs of all journeys within Britain undertaken on parliamentary business (at present the costs of certain categories of travel are reimbursed).

Salary Linkage

On the issue of the future treatment of MPs' pay and whether it should be linked in any way to professional analogues, the report concludes that any such linkage would be inappropriate since there is no similarity between the functions and responsibilities of any professional group and those of MPs and no relationship in terms of pay. The Review Body reiterates the view expressed in its seventh report, published in 1975, that parliamentary salaries should be subject to biennial review by an independent body.

Government Response

In a statement in the House of Commons on 14 February on the publication of the report (*Hansard*, Vol 978, No 117, cols 1767-9), the Chancellor of the Duchy of Lancaster and Leader of the House, Mr Norman St John-Stevas, said that the Government accepted in general the recommendations in the report but wished to propose certain modifications. As regards the recommendations for a regular independent review of parliamentary pay, the Government intended to propose the institution of annual reviews by the Review Body on Top Salaries starting from next year. The Government 'could not undertake a blanket commitment' to implement whatever was recommended, but it firmly intended that recommendations would be implemented unless there were 'clear and compelling reasons to the contrary'. On the question of reimbursement of travel facilities, the Government recognised the argument that the improvement might help MPs carry out their duties, but it felt unable, because of the costs involved, to accept the recommendations at present.

In a debate on the report on 4 March, however (*Hansard*, Vol 980, Nos 130-1, cols 265-382), MPs voted in favour of the reimbursement of the cost of all travel within the United Kingdom on parliamentary business or for the payment of a car mileage allowance. Mr St John-Stevas indicated that the timing of the introduction of the travel allowance would be a matter for discusssion.

[1] *Review Body on Top Salaries. Report No 13. Ministers of the Crown and Members of Parliament and the Peers' Expenses Allowance.* Part II. Cmnd 7825. HMSO, £2·25. ISBN 0 10 178250 0.

Local Government Bill

The Local Government, Planning and Land (No 2) Bill,[1] which makes important changes in the relationship between central and local government, has received a second reading in the House of Commons. The Bill contains provisions for removing a substantial number of central government controls over local government, for increasing the accountability of local authorities, for introducing a new system of rate support grant, and for controlling local authorities' capital expenditure. It also proposes to establish urban development corporations for derelict dockland areas, to abolish the Community Land Act 1975, and to speed up the planning system. All the provisions of the Bill apply to England and Wales; certain provisions apply also to Scotland (see below).

PROVISIONS OF THE BILL

The main provisions are set out below.

Local Government

Relaxation of Controls over Local Authorities

The Bill proposes removing or relaxing a large number of ministerial controls over local authorities in matters on which the authorities should decide for themselves, and be answerable to their local electors. It gives effect to the White Paper *Central Government Controls and Local Authorities* and to similar proposals for Scotland (see p 261, 1979).

Increased Accountability of Local Authorities

The Bill aims to increase the accountability of local authorities to their electors by requiring them to publish key information about their activities in a form which will make comparisons between authorities easier, and by requiring improved accountability of local authority direct labour organisations, so that they are run as separate and accountable trading bodies in fair competition with the private sector, and with a reasonable rate of return on the capital they employ.

Rating

The Bill proposes abolishing the rate revaluation due in England and Wales in 1982 and substituting new powers to order revaluations when appropriate and if necessary for certain classes of property only. It also proposes the extension of domestic rate relief to most mixed businesses and domestic properties, and the extension – especially to small businesses – of the right to pay rates by instalments.

Block Grant Scheme and Capital Expenditure

A new system for the distribution of rate support grant to local authorities in England and Wales is proposed, with a single block grant in place of the needs and resources elements of the present grant, while ceilings would be prescribed for the level of total local authority capital expenditure.

[1]An earlier Bill was introduced into the House of Lords on 29 November 1979. The Government subsequently announced that it did not intend to proceed with that Bill and would introduce a similar one in the House of Commons.

The new system is designed to relate each local authority's entitlement to grant more closely to its 'standard expenditure' so that any authority spending significantly above this level would have to bear an increasing proportion of the burden itself. Authorities would receive annual capital blocks for housing, education, social services, transport and other services as they do at present, but, having received these allocations, they would be free to determine their own spending priorities by the transfer of resources between spending blocks.

Councillors' Allowances

The Bill would enable local authorities to make special responsibility payments to a limited number of councillors and to adjust the rules governing certain other allowances.

Planning and Land

Rationalisation of Planning Functions

The Bill would remove wasteful duplication between county and district councils in the field of development control.

Planning Charges

New powers would enable local authorities to charge for processing planning applications and would enable charges to be made for appeals.

Structure and Local Plans

A speeding up of the planning process is proposed, in particular by making provision for local plans to come into force without having to wait for the approval of structure plans. This would enable land to be released for development more quickly. As regards historic buildings and conservation areas, the Bill proposes the relaxation of central government controls and the introduction of other measures to improve efficiency.

Public Sector Land Register

The Bill proposes the establishment of a public sector land register as a means of identifying land owned by local authorities or nationalised industries which is under-used, and to ensure that, where appropriate, such land is released for development.

Community Land Act 1975

This Act would be repealed, the objective being to remove the assumption that all land for development should pass through public ownership. At the same time the proper role of local authorities in making land available for private development would be clarified. The Land Authority for Wales, which has proved successful in its work, would be retained.

Land Compensation

The Bill would remove time limits on claims for compensation in certain circumstances and enable new claims to be made (in connection with trunk roads and motorways) in certain circumstances where the time limit has already expired.[1]

[1]This clause is in response to a report from the Select Committee on the Parliamentary Commissioner for Administration.

Urban Development Corporations

Provision is made for the creation of urban development corporations to regenerate the Merseyside and London dockland areas, with powers modelled on those of the new town development corporations.

Other Provisions

Other proposals provide for controls over the disposal of new towns' assets, widening the powers for such disposals and raising the statutory limit on borrowing by the new towns; and the abolition of the Clean Air Council and its Scottish counterpart (see pp 303-4, 1979, and pp 48-9, 1980).

Scotland

Provisions of the Bill which apply in their entirety to Scotland as well as to England and Wales include those relating to direct labour organisations; special responsibility payments to councillors; repeal of the Community Land Act; and removal of time limits for future compensation under the Land Compensation Act. Provisions which apply only in part to Scotland include those relating to rate valuation, to certain matters in planning and land legislation, and to new towns.

HOUSE OF COMMONS DEBATE

Secretary of State's Speech

The Bill was given a second reading by 315 votes to 260, a Government majority of 55, on 5 February (*Hansard*, Vol 978, No 110, cols 244-390). Opening the debate, the Secretary of State for the Environment, Mr Michael Heseltine, said that this was 'a major and central Bill in the Government's programme', and one that sought 'better value for money and a range of new opportunities for local government'. Its first general objective was to 'pull back in many areas from detailed interference with local government discretion'. By repealing or removing 300 powers of central government over local government, the Government was embarking on 'the largest repeal of such powers ever undertaken'. The Bill would encourage 'the more effective use of resources, the creation of a better understanding within local communities – councillors, officials and electors – of the opportunities and options they face and a more open relationship between central and local government'.

Referring to the ceilings on local authority capital expenditure, the Secretary of State said that the detailed controls at present imposed by central government were so stringent that it was virtually impossible for local government to have anything but a good record of keeping within present ceilings. Because Government was drawing back from the web of detailed controls, the Bill gave power to ensure that local authorities would keep within ceilings of capital expenditure. Law and order services would not be included in the new system, and specific government approval would be needed for capital projects with a regional or national impact. The new system of rate support grant would ensure that the high spending authorities did not pre-empt even larger shares of government money away from those authorities which observed the Government's financial guidelines. The Bill was intended to end the present system under which high expenditure by local authorities was automatically rewarded.

A second area in which the Government could eliminate waste was that of planning, where the overlap of jurisdiction of districts and counties on development control contributed to the problem. The Bill would make development control a largely district matter.

On the final part of the Bill, which dealt with derelict docklands, Mr Heseltine called the creation of urban development corporations 'an exciting and challenging concept'. The problems of London and Merseyside were so vast that special solutions were needed. The Government would set up urban development corporations only in those areas where single-minded agencies could secure development, bring in the private sector, and secure improvements of benefit to the areas and the country as a whole. There would be flexibility for the widest possible consultation, particularly with the local authorities, and for the establishment of organisations tailor-made for each local situation.

Opposition View

Criticism of the Bill was made by the Opposition spokesman on the environment, Mr Roy Hattersley, who said that it contained a number of disparate proposals each of which justified a separate Bill. It was in effect an enabling Bill which allowed the Secretary of State to do what he wanted as and when he wanted. The powers conferred on the minister were in some cases 'limited by no more than the most general statement of principle'. While conceding that the Bill would relax some of the burdens placed on local authorities, he was concerned about its effect on local authority powers, and considered that democracy would be deeply damaged by an arbitrary and sudden swing of power away from local authorities to central government.

[For background information on local government, see COI reference pamphlet *Local Government in Britain*, No 12/RP/79.]

EXTERNAL AFFAIRS AND DEFENCE

European Community

Britain's net contribution to the European Community Budget will be among the topics discussed at the next meeting of the European Council on 31 March and 1 April; the economic case for a reduction in this contribution was outlined in a Treasury publication in February. Details of further progress made by the Community towards a common fisheries policy were announced in Parliament on 30 January.

The British proposal for a neutral Afghanistan was considered and accepted by Community foreign ministers on 19 February. A co-operation agreement between the Community and Yugoslavia was signed in Brussels on 25 February.

The Community's Euronet DIANE data transmission service was inaugurated in February (see p 79).

COMMUNITY BUDGET

The economic case for a reduction in Britain's net contribution to the European Community budget is set out in the February issue of *Economic Progress Report* published by the Treasury. The article is summarised below.

Britain's Contribution

In the first year of Community membership in 1973 Britain made a net contribution of just over £100 million. Although this was followed by two years (1974 and 1975) when Britain's accounts with the Community were roughly in balance, the net contribution rose to over £150 million in 1976, £800 million in 1978 and £900 million in 1979. Between 1973 and 1979 payments to the Budget were governed by transitional arrangements providing for the phased introduction of the full British gross contribution under the 'own resources' system of Community finance (described below). In 1980 the net contribution – expected to be over £1,000 million – for the first time reflects the unmodified effect of the Community's budgetary arrangements on Britain's transactions with the Community.

Table 1 shows a comparison with the other member states. The difference between columns 1 and 2, and 3 and 4 respectively lies in the differing attribution of the benefit of the monetary compensation amounts (MCAs) paid on agricul-

Table 1

Net Budget Positions in 1980

	Exporter benefits from MCAs		Importer benefits from MCAs	
	£ million	*EUA million*	*£ million*	*EUA million*
Net contributors:				
Britain	1,209	1,814	1,035	1,552
Federal Republic of Germany	699	1,048	738	1,107
France	13	19	80	120
Net beneficiaries:				
Luxembourg	195	292	195	292
Denmark	247	370	189	283
Netherlands	281	422	239	359
Irish Republic	342	513	291	436
Belgium	367	550	359	538
Italy	489	734	581	871

Source: European Commission Reference Paper on Budgetary Questions. EUA amounts converted to sterling at an exchange rate of £1 = EUA 1·5.

tural exports from other member states to Britain and Italy.[1] Britain believes that these payments should be regarded as subsidies to producers in the exporting member state, since they allow their higher cost produce to compete in lower price markets. Nevertheless Britain emerges as the largest net contributor by a substantial margin, whichever way the MCAs are treated. The figures are shown in sterling and in European units of account (EUA).

The Community's revenue is raised through the 'own resources' system consisting of duties levied on imports entering the Community from third countries under the common customs tariff, levies charged on agricultural produce from outside the Community and designed to bring prices up to the fixed levels prevailing under the Common Agricultural Policy's price support scheme, and the yield of a notional value added tax rate of up to 1 per cent on a harmonised Community base. During the negotiations in 1970 about British entry to the Community there was concern that this system, coupled with the predominance of agriculture in Community expenditure, would result in Britain making a very large net contribution to the Budget once the transitional period ended. It was then held in the Community that such fears were exaggerated and that it was likely that new policies would be adopted to reduce the proportion of agricultural spending to 60 per cent or even 40 per cent. Moreover the original member states had agreed that 'should unacceptable situations arise within the present Community or an enlarged Community, the very survival of the Community would demand that the Institutions find equitable solutions'.

The Common Agricultural Policy, however, continues to absorb over 70 per cent of the Budget, most of this being attributable to the cost of storage and disposal of agricultural surpluses, and on present policies Britain will provide about 60 per cent of the total net contributions to the Budget in 1980, despite the fact that its Gross National Product (GNP) per head – widely accepted as the best available measure of a country's ability to pay – is the third lowest in the Community. In 1980 Britain is expected to make a net contribution 40 per cent greater than that of the Federal Republic of Germany, for example, although the latter's GNP per head is nearly twice as high as that of Britain. Table 2 shows an index, issued by the European Commission, of GNP per head at market exchange rates in 1978:

Table 2

(Community = 100)

Denmark	143·7
Federal Republic of Germany	136·7
Belgium	128·9
Luxembourg	125·8
Netherlands	123·1
France	116·1
Britain	72·6
Italy	60·2
Irish Republic	49·6

Causes of the High Net Contribution

Britain's disproportionate net contribution is caused by the interaction of a high gross contribution and a low level of receipts from the Budget. Rather over one-third is attributable to the excess of Britain's gross contributions over its GNP share; according to European Commission figures, Britain's gross contribution in 1980 is 20·5 per cent of the total but this would be 16 per cent if it were in line with Britain's share of Community GNP. Britain contributes almost a quarter of the Community's total revenue from customs duties and agricultural levies, this level of payments reflecting an exceptionally open economy heavily dependent on imported food and with world-wide trading connections.

The remaining, and greater, part of the net contribution arises from the low level of Community spending in Britain resulting from the continued domination of the Budget by expenditure on agricultural support. In 1980 Britain's share of Community expenditure on agricultural support is forecast to be no more than 5·5 per cent because of the small size of the British farming sector. Although Britain has about a quarter of the receipts from the Regional and Social Funds, these account for only 7·5 per cent of Community expenditure and their yield to Britain in 1980 is expected to be a net gain of £45 million, that is, one twenty-fifth of the British net contribution to the cost of agricultural support measures. The percentage of total Community expenditure allocated to Britain in 1980 is expected to be no more than 8·5 per cent.

Measures to reduce the net contribution therefore must take account of both the high gross contribution and the low level of receipts. So far the Community has considered only the contributions side. Britain, however, has received no benefit from the 1975 financial mechanism designed, under certain circumstances, to reduce the gross contribution. This states that 'conditions incompatible with the proper functioning of the Community could arise when a member state's economy, whilst in a special situation, is forced to bear a disproportionate burden in the financing of the Community Budget'. It provides that a member state with a GNP per capita less than 85 per cent of the Community average, and a growth rate of per capita GNP less than 120 per cent of the Community average should be entitled to a partial refund of its gross contributions related to the difference between its share in total gross contributions and its share in Community GNP. Although Britain has met these two conditions in

[1]Monetary compensation amounts are designed to prevent distortions in Community trade in agricultural produce. Price support levels under the Common Agricultural Policy, as well as rates of levy, are set in European units of account which are converted into the currencies of the member states at fixed rates of exchange known as 'green rates'. As the green rates do not vary automatically in line with changes in real exchange rates, they can be out of line with the market rates of exchange between each currency and the unit of account, giving rise to different real price support levels in the member states. The MCAs are based on the percentage difference between the green and the market rates. The net contribution figures for 1978 and 1979 set out above are based on exporter benefits from MCAs.

every year since 1975, certain other conditions have prevented the receipt of any benefit. The main requirement which Britain has not so far satisfied is that its share of gross contribution to the Community budget should exceed its share of Community GNP by at least 10 per cent. There are also provisions connected with the state of a member's balance of payments.

Own Resources

Despite the existence of the 1975 financial mechanism acknowledging that high own resources payments may impose an undue burden on a member state, it is sometimes argued within the Community that Britain's case rests on a misrepresentation of the true nature of these revenues. According to this view the own resources are the Community's legal property and therefore cannot be regarded as a 'contribution' by the individual member state in which they happen to be collected. While recognising that the own resources legally belong to the Community, the Treasury report notes that they can still represent a burden on Britain since they remove resources which could otherwise have been employed in Britain for the direct benefit of its people. In addition, the fact that they are the Community's own resources 'does not rule out deploying them in a balanced and equitable way'.

Trade Patterns

It is also argued that Britain could solve its problems by importing less from outside the Community and thereby avoid duties and levies. Britain, however, already scrupulously observes the system of Community preference which gives exporters in other member states an advantage in the British market over producers elsewhere. Moreover Britain has already reorientated its trade towards the Community, as shown by the increase in the proportion of Community imports which rose from 31·6 per cent of all imports in 1972 to 38 per cent in 1978. The increase for manufactures (excluding transport and machinery) was even sharper, from 28·3 per cent to 39·6 per cent, and comparable figures for food and drink show a rise from 32·4 per cent to 42·9 per cent. In any case the trade pattern affects only the contributions and is irrelevant to the low level of receipts from the Community.

North Sea Oil

Another argument often heard is that Britain's energy resources enable it to sustain without difficulty the net contribution forecast for 1980 and that there is a very large additional benefit to Britain when the price of oil rises. The argument, however, ignores the fact that, although North Sea oil is of great benefit to the British economy, Britain remains primarily a trading and manufacturing nation and a major consumer of oil and other forms of energy. In 1979 total North Sea oil output represented only 2 per cent of British GNP, or less than half the growth of the Federal German and two-thirds the growth of the French economy in that year. In 1980 Britain is likely to remain a net importer of oil and price rises therefore continue to harm the British economy directly (even if the harm is less than that suffered by others) and indirectly, as they add to inflationary pressures and reduce world growth and trade. As a country with 30 per cent of GNP in exports, Britain suffers substantially from reduced world growth.

North Sea oil, therefore, does not remove the case for reducing Britain's inequitable net contribution. The GNP and GNP per head remain the valid tests of ability to pay and are recognised as such in the 1975 financial mechanism. The benefit from North Sea oil is fully reflected in these figures and, even taking account of North Sea oil, Britain's ranking of seventh out of nine in Community GNP per head remains unchanged.

FISHERIES

'Significant progress was made towards agreement on a revised common fisheries policy', said the Minister of Agriculture, Fisheries and Food, Mr Peter Walker, on 30 January, in the course of a parliamentary statement about the previous day's meeting of the Community's Council of Ministers (*Hansard*, Vol 977, No 106, cols 1351-61).

The Council reached agreement on total allowable catches for 1980. Mr Walker explained that these were based on scientific advice, with a few minor changes to take account, for example, of arrangements with non-member countries. 'The agreement', he added, 'takes adequate account of the vital need to conserve stocks and it will form a good basis for further decisions on an effective Community conservation policy.'

Agreement was also reached on the introduction of a Community system of recording and reporting catches, and the Council noted the Commission's intention to make proposals on member countries' catch quota. During a House of Commons debate on the Community's fisheries policy on 14 February (*Hansard*, Vol 978, No 117, cols 1778-822), Mr Walker said that the Government would be arguing strongly that, in framing the quotas, the Commission must take into account Britain's geographical and historical position and the loss of fishing that Britain had sustained in non-member countries' waters. 'Only on that basis', he said, 'will fair and reasonable quotas acceptable to the Government be agreed.'

In the course of the debate Mr Walker also referred to the Commission's recent proposals on conservation of fish stocks. He said that the Government had made it clear that 'until such time as there is a satisfactory Community conservation policy' Britain had the legal right to take whatever conservation measures it considered necessary in its waters.

The Council also agreed to the signing of fisheries agreements with Guinea-Bissau, Norway and Spain.

[For background information on the common fisheries policy see pp 185-6, 1979, and COI fact sheet, *Fisheries*, No 31/FSI/79.]

AFGHANISTAN

British proposals for a neutral Afghanistan were endorsed by a meeting of Community foreign

ministers in Rome on 19 February called to consider the Soviet Union's invasion of that country (see p 15).

Outlining details at a press conference after the meeting, the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington, recalled that previous Community statements on Afghanistan (see p 54) had been declaratory and condemnatory and said that the British Government had been thinking for some time that it ought to be rather more constructive and try to contribute to the lessening of tension and to the defusing of the potentially very serious situation in Afghanistan and its neighbourhood. Referring to past Afghan wars, the Foreign Secretary said that these had resulted in an unwritten agreement between Britain and Russia (and later the Soviet Union) that Afghanistan should be a neutral territory and that neither power would seek to seize any of its territory or take it over. This unwritten agreement had lasted until 1947 when India and Pakistan became independent. Lord Carrington explained that, since the Soviet Union was claiming that its occupation of Afghanistan was necessary because of fears for its security, a neutral Afghanistan would overcome that particular difficulty and would enable the Soviet Union to withdraw its troops on a perfectly respectable basis, as called for by the United Nations General Assembly resolution (see p 17).

Answering questions, Lord Carrington emphasised that the idea of Afghan neutrality was 'obviously still in its infancy', that there were different ways of achieving it and that these had to be further discussed with Britain's Community partners, the United States, the countries in the region and the Soviet Union.

YUGOSLAVIA

A co-operation agreement between the Community and Yugoslavia was signed in Brussels on 25 February. Under the agreement about 70 per cent of Yugoslavia's industrial products will have free access to the Community, and there will be improved access for such agricultural products as veal and tobacco. In addition Yugoslavia will receive some $290 million in loans from the European Investment Bank. The agreement will last for five years and be re-negotiated after four.

Civil Defence

In response to a recent revival of public concern the Government has decided to speed up its previously-begun review of civil defence arrangements.

The decision was announced by Mr Leon Brittan, Minister of State at the Home Office, during a short debate in the House of Commons on 20 February (*Hansard*, Vol 979, No 122, cols 619-30). Mr Brittan said that under present arrangements the money available for civil defence was mainly concentrated in three areas: first, on maintaining the United Kingdom Warning and Monitoring Organisation 'at a high level of efficiency and readiness'; second, on maintaining a food stockpile; and, third, on grants to the county councils and the Greater London Council to help with the cost of their emergency planning teams. The teams were maintained to produce plans required under the Civil Defence (Planning) Regulations 1974 on such matters as emergency feeding and the care of the homeless. There was also expenditure on emergency communications networks and on small planning teams in certain government departments.

The Minister said that the review started by considering the threat of attack and the assumptions which had to be made as to its probability and nature and the likely warning period. It would cover the question of information to the public (including arrangements for a wartime broadcasting service); the activities of the United Kingdom Warning and Monitoring Organisation; the machinery of Government in time of war; the roles of the police, the fire services and the ambulance service; the arrangements for maintaining essential food and water supplies; hospital services, essential industrial production, and energy supplies; as well as inland transport and the use of shipping and aircraft for carrying essential supplies. The review would also cover the provision of shelter and 'the controversial question of encouraging people to stay put in the face of a threat of attack, and the alternative policies of evacuation and dispersal and the associated billeting and feeding arrangements'; and 'the vital role ... played by local authorities in planning and co-ordinating local arrangements, including the identification of solid buildings suitable for use as public shelter and the use of volunteers in this context'.

The review took account of the likelihood both of nuclear and of 'conventional' war.

Referring to the question of the relationship between civil and military defence, the Minister of State said that the Government's central military strategy was to deter attack by an aggressor, and civil defence contributed to deterrence. If the credibility of the deterrent strategy was to be maintained, it was essential that the civil preparedness should be adequate.

On the question of cost, Mr Brittan said that up to 1968 the annual level of the civil defence expenditure in real terms had been three times as high as in recent years. The review asked what was the right level for expenditure, both in absolute terms and in terms of what the country could afford at present.

'A central feature of the public debate so far', recalled the Minister of State, 'has been the attitude of the Government in making available to the public material about the protective measures which might be taken in the event of an attack.' In particular, attention had been focused on the Government's decision not to publish, in advance of an imminent attack, a pamphlet entitled 'Protect and Survive'. The pamphlet had been available to all local authorities, chief police and fire officers, and to those attending relevant courses; it had been shown to interested Members of Parliament and to journalists. 'It has not been

published', explained Mr Brittan, 'for the simple reason that it was produced for distribution at a time of grave international crisis when war seemed imminent, and it was calculated that it would have the greatest impact if distributed then.' For this reason, the updated and revised edition of the pamphlet—which the Government proposed to publish at about the time when the outcome of the review was announced—would not be distributed to every household; however, it would be readily available on sale.

The Minister of State also mentioned the instruction being given to those responsible for civil defence at the Home Defence College, and the series of circulars issued by the Home Office embodying guidance to local authorities in relation to emergency services. Many county emergency planning teams made use of local volunteers, and the Government thought that more encouragement should be given in this field.

Mr Brittan said that it was hoped to announce the outcome of the review soon after Parliament's Easter adjournment.

Aid Policy

A review of the policies governing Britain's aid programme has been completed, and the Secretary of State for Foreign and Commonwealth Affairs, Lord Carrington, has made a statement in the House of Lords. Although Britain's ability to support overseas development depends on its own economic performance, aid to developing countries will continue on a substantial scale.

Foreign Secretary's Statement

In his statement, made on 20 February (*Hansard* (*HL*), Vol 405, No 84, cols 747-56) and repeated in the House of Commons on the same day by the Minister for Overseas Development, Mr Neil Marten (*Hansard*, Vol 979, No 121, cols 464-72), Lord Carrington said that Britain's ability to support development overseas was dependent on the state of its own economy and the need to strengthen it. Nevertheless, the Government would continue to provide substantial aid for developing countries. Official aid continued to be an essential element in development, especially for the poorest countries, and within the limits of its resources Britain would 'seek to relieve poverty in the developing world so as to create conditions for greater peace and stability; and to contribute to the growth of world trade on which Britain so critically depends'. Trade was also of the greatest importance to the developing countries, for whom a slide towards protectionism would be particularly serious. Britain provided a substantial market for their products, and would encourage others to do the same. Private investment, Lord Carrington added, could also, and should also, play a greater part in development, and he hoped that the Government's relaxation of exchange controls (see pp 338-9, 1979) would further encourage British firms to invest overseas.

At the present time, Lord Carrington continued, the Government believed that it was right 'to give greater weight in the allocation of [British] aid to its political, industrial and commercial considerations alongside [its] basic developmental objectives'. In this context, he referred to Britain's need to maintain its ties with the Commonwealth, to which the greater part of its bilateral aid now went, and to fulfil its obligations to its remaining dependencies. It had also to be able, when necessary, to offer help and encouragement to other friendly countries.

Turning to commercial factors, Lord Carrington pointed out that the greater part of Britain's aid was tied to procurement in Britain, and so provided valuable orders for British firms. Britain's contributions to multilateral institutions also enabled British firms to compete for contracts financed by them, and the Government was examining ways by which they might achieve a greater share of this business. In addition, in order to maintain the real value of the aid/trade provision of the aid programme, its share of bilateral aid would be increased. (Since 1978 about 5 per cent of bilateral aid has been allocated to this provision for financing sound development projects – which are also of commercial and industrial importance for British firms – in countries to which Britain does not normally provide aid or whose planned allocation has already been committed.) Lord Carrington also announced that there would be an increase in the unallocated margin of the aid programme to enable the Government to respond more effectively to new developments where Britain's political or commercial interests were involved.

With regard to multilateral aid commitments, which under existing circumstances would absorb a larger proportion of the aid programme over the next few years, the Foreign Secretary said that these would have to be looked at critically in view of Britain's need for more room for manoeuvre in bilateral aid.

Concluding, Lord Carrington said that much could be done with Britain's aid programme which was to the mutual advantage of the developing countries and Britain, and the Government would concentrate on using it in this way.

Opposition View

Speaking for the Official Opposition, Baroness Llewelyn-Davies of Hastoe welcomed the statement that overseas aid would continue to be an essential element in development, especially in the poorest countries, and agreed that everyone would suffer if the Free World were to slide into protectionism. At the same time, she expressed anxiety regarding the proposal to give greater weight to political considerations in allocating aid, and at the prospect of an increase in the share of the bilateral aid programme at the expense of the multilateral programme.

Government Economic Policy

In a review of the Government's progress on economic policy in the House of Commons on 28 February the Prime Minister, Mrs Margaret Thatcher, reaffirmed the Government's determination to 'restore sound money and conquer inflation' as an essential precondition for the revival of the economy. She also spoke of its intention to redress the balance of power in favour of individuals. She pointed out that some of the adjustments necessary for reversing decline in the economy could not take place overnight. In a speech to the Engineering Employers' Federation on 26 February the Chancellor of the Exchequer, Sir Geoffrey Howe, said that the Government had always 'warned that fundamental change was needed and that it would take time. I have even warned that a decade might be needed before our economy would be really strong again.' It was important, he said, to make out a case against both instant expectations and trouble-free transformation and he referred to the role of the National Economic Development Council as a means of 'creating public awareness of economic realities'.

DEBATE ON THE ECONOMY

Speaking in the House of Commons on 28 February against a motion, tabled by the Opposition, expressing 'no confidence in the Government's economic and industrial policies'[1] (*Hansard*, Vol 979, No 127, cols 1580-704) the Prime Minister said: 'There is general agreement that Britain's problem is basically one of fast inflation since the early 1970s and a rate of economic growth which, for the last third of a century at least, has been slow in comparison with that of our competitors.' The failure of industry to modernise in the 1950s meant that in the 1950s and 1960s Britain missed out on the rapid economic expansion which characterised the early years of the European Community. 'There was a continual failure to recognise how far and at how fast a rate Britain was slipping. Governments planned over-optimistically for increases in public spending which could be justified only on assumptions about economic growth which were seldom realised. . . . Thus resources were drained away from wealth-creating industry and commerce to the wealth-consuming public sector. Perhaps most significantly of all, the balance of power within our economy shifted as trade unions increasingly used their strength in key industries.'

The Attack on Inflation

The Government's objective was clear, Mrs Thatcher said. 'It is to return to steady economic growth, earned by people's own efforts in a free and responsible society. Our first priority is to restore sound money and conquer inflation. We do not pretend that that alone will be sufficient to revive our economy, but we know that it is the essential precondition.'

Experience showed, she said, that the only sure way of attacking inflation was to keep the money supply closely related to the output of goods and services. The Government was determined to bring the growth of the money supply down in the only two ways possible – first by reducing the burden of government borrowing and, second, by ensuring that borrowing by the private sector did not grow too fast. If one or other were too high and the monetary targets were to be achieved, then interest rates would inevitably have to rise. The Government had already announced cuts of £1,500 million on government spending programmes and savings of another £1,000 million through cash limits (see p 192, 1979). Revised plans for 1980-81 and later years would soon be published and would show 'substantial cuts' on the plans of the previous Government. Recent months had seen private companies borrowing to finance high stocks and pay settlements. If this were to continue, the Prime Minister said, interest rates would remain high and there would be less money available for new business and new jobs and companies would fail. If that lesson were learned, the path to lower inflation would be shorter and less painful. In her view, however, 'too many trade unions still seem determined to make demands which ultimately will inflict damage on themselves, on their fellow trade unionists, and on the rest of the community'. For this reason the Government was determined to redress the balance of power in society 'away from the trade unions and in favour of the individual – whether he be a member of a union, a consumer, producer or taxpayer'. As well as a right to strike, she said, 'there is a right to work. As well as the justice of a demand, there is the injustice that industrial action may inflict on others. As well as a loyalty to the union, there is a loyalty to family and to

[1] The motion was defeated by 327 votes to 268, a Government majority of 59.

company. As well as a right to a decent wage, there is a duty to society to provide essential services.' The Government endorsed the view that a person who was not a party to a trade dispute should be entitled to freedom to carry on his business and go to work unhindered. These views were the origin of the Employment Bill (see p 21).

Industrial Policy

The Prime Minister then spoke about industrial policy. The Government's job, she said, was to create an economic climate which would result in new jobs and in present investment being used more effectively. First it wanted to increase the incentives and rewards for extra effort. 'We want a bigger gap between income in work and income out of work.' Secondly, the Government believed that goods were produced more efficiently through competition in the private sector; to this end it had started on a policy of denationalisation wherever possible. Thirdly, there was much evidence that large firms and plants were more prone to industrial disputes than smaller units. Tax incentives and the reduction of controls were important in that it was particularly to small firms that the economy had to look for many of the jobs of the future. The Government was studying how best the move towards smaller units in both nationalised and private industry could be achieved. Fourthly, the Government had restored to management the freedom and the responsibility to manage and it expected them to use it to improve industry's performance. The Government would, however, help to influence these matters by policy on public sector purchasing and on research and development. Lastly, British industry must adapt to today's markets. 'We recognise fully the problems of Britain's declining industries and those who work in them – industries which have similar problems in most of the older industrialised countries. These adjustments cannot take place overnight – whether in steel, shipbuilding or railways.'

The Government's Task

In conclusion, Mrs Thatcher said that the Government had had to take decisions to cut spending plans, and to try to give the taxpayer and the ratepayer value for money; to restore incentives by reducing personal taxation; to enable council house tenants to buy their own homes and to give a charter of rights to remaining tenants (see p 56); to reduce waste in the public service; to honour Britain's defence obligations both in Britain and to her allies; to provide the British people with better protection against violent crime at home; and 'to restore confidence abroad, not only in our currency, but in Britain as an influence in the world'. The Government was 'facing Britain's long-standing and deep-rooted problems with firmness and realism. . . . Attitudes are changing . . . and the mood of realism is spreading fast.'

Opposition Views

Proposing the motion of no confidence, the Leader of the Opposition, Mr James Callaghan, said that the Government's 'rigid monetary policy' was weakening industry and that Government policies were 'recklessly widening the divisions in our society'. There was little evidence, he said, that a monetary policy of the kind used by the Government would bring inflation under control without unacceptable social and economic consequences. Nor did economic evidence provide any proof that the rate of growth of money supply had a powerful restraining influence on wage bargaining. He agreed that inflation must be brought under control but said that 'reliance on monetary policy as the single or sole weapon produces a totally disproportionate and adverse effect on output in the country and on the growth of the economy'.

For the Liberal Party, Mr David Steel said that Liberals agreed with some of the Government's declared objectives – the encouragement of an 'incentive society', the reduction of public expenditure, and the establishment of monetary discipline. He felt, however, that there were no signs of the Government's policy proving effective and regretted that monetary policy was the Government's only economic policy. He called, among other things, for an incomes policy and for more direct intervention and selectivity as regards public expenditure.

CHANCELLOR'S SPEECH

In a speech to the Engineering Employers' Federation on 26 February, the Chancellor of the Exchequer, Sir Geoffrey Howe, spoke of what the Government saw as the inevitability of its economic policies and of the need to give them time to be effective.

During the course of his speech the Chancellor spoke about the work of the National Economic Development Council (NEDC). Since he had become its chairman, he had tried to set the discussions between the Government, the Confederation of British Industry and the Trades Union Congress in the wider context of economic and financial policy. The Government valued these discussions highly and saw them as 'a means of creating public awareness of economic realities'. It wanted to strengthen the NEDC's contribution to understanding of economic policy and to strengthen the links between industrial and financial policy, between the financial institutions and trade and industry. These were among the reasons, he said, why the Governor of the Bank of England had been invited to join the Council, which he would now do.

Industrial Relations

The Government has published proposals for additional amendments to the law on secondary industrial action. These would change the immunity which the law provides for secondary industrial action so as to give greater legal protection for those who are not concerned in a dispute to go about their

business without what the Government regards as unwarrantable interference. A statement has been made by the Attorney-General on the existing law on picketing.

WORKING PAPER

A further working paper on industrial relations was published by the Government on 19 February. The paper follows similar papers issued last year (see pp 201-2 and 299-301, 1979) and, after a period of consultation with trade unions, employers and other interested bodies, will form the basis of a new clause in the Employment Bill, which was given a second reading in the House of Commons on 17 December 1979 (see pp 21-3).

In a statement on the proposals, Mr James Prior, Secretary of State for Employment, said: 'There is widespread and justifiable concern that the law allows third parties to be caught up in damaging industrial action in furtherance of disputes in which they have no interest and over whose outcome they have no control.' The Employment Bill, Mr Prior commented, already included a provision to limit secondary picketing by restricting immunity to acts done in the course of picketing undertaken by employees at their own place of work. In the light of a recent House of Lords' judgment, however, the Government believed that something had now to be done about immunities for other forms of secondary action such as 'blacking' (that is, refusing to handle goods going to or from a firm involved in a dispute) and strikes in sympathy.

Mr Prior emphasised that: 'There must be some legal immunity for industrial action. Otherwise trade unions would not be able to function'. However, that immunity 'necessarily means limiting the common law rights of people to go freely about their business and to seek redress in the courts for any interference with those rights. It is a question of great public concern whether the present state of the law on immunities for industrial action does not need to be brought up to date so that it is more appropriate to modern conditions.' The Government's review of the law on trade union immunities, Mr Prior noted, was continuing, and it was intended to publish further proposals later in the year.

The Paper's Proposals

The paper points out that secondary industrial action in furtherance of a trade dispute can severely curtail the freedom of people who are not concerned in the dispute to carry on their business. Those who are so damaged are at present barred from exercising their normal rights to seek redress in the courts by the immunities given to those pursuing industrial action by the Trade Union and Labour Relations Act 1974 (see pp 159-161, 1974), as amended by the Trade Union and Labour Relations (Amendment) Act 1976 (see pp 76-7, 1976). Provision for appropriate limitation of the immunities in relation to secondary picketing has already been made in the Employment Bill, but in the Government's view, recent interpretation and application of the law, notably by the House of Lords in the case of *Express Newspapers v MacShane*, demonstrate the need for immediate amendment also of the law on immunities as it applies to other secondary action, such as blacking.

The 1974 Act, as amended by the 1976 Act, extended immunity so that union officials or others could safely interfere with any contract (whether a commercial contract or a contract of employment) provided they did so 'in contemplation or furtherance of a trade dispute', and in such cases neither party to the contract had any remedy against them, however great the damage suffered. Decisions in the Court of Appeal in a number of cases in 1978 and 1979 suggested that the extent of the immunity might be governed by the application of tests, by which action 'in furtherance' had to be reasonably closely related to the original dispute. The way the tests were applied by the Court of Appeal in the cases which came before them suggested that, although the immunity would extend to action taken to interfere with performance of a contract by the first supplier or customer of the party in dispute, it would not go beyond that.

However, the judgment of the House of Lords in overturning the Court of Appeal's decision in the *MacShane* case found that, under existing legislation, the test of what is 'in furtherance of a trade dispute' is wholly subjective – that is, it depends on whether the person taking the action honestly believes that it will further the cause of those taking part in the dispute. The effect of the judgment, the paper says, appears to be to confer immunity in every case in which, for example, 'blacking' is undertaken in the belief that it will in some way further an imminent or existing trade dispute, no matter how remote the person or business whose contractual arrangements are thereby interfered with may be from the party to the dispute whose interests the blacking is intended to attack, or whether he or she has any commercial concern in that dispute and its outcome. That this is the current position has been confirmed by the House of Lords' more recent judgment in the case of *Duport Steels v Sirs*.

The Government believes that the law must be amended 'so as to restore a more widely acceptable balance of interests'. A combination of two approaches is suggested: first, laying down certain tests to be satisfied before immunity can be claimed in respect of any industrial action; and second, restoring to the parties damaged in circumstances to be identified in the Employment Bill their rights to bring civil proceedings to protect themselves from interference with commercial contracts by means of secondary industrial action.

The paper therefore proposes that in future, in order to attract immunity, any industrial action would need to satisfy the tests of whether it were reasonably capable of furthering the trade dispute in question and whether it were taken predominantly in pursuit of that trade dispute and not principally for some extraneous motive. Where industrial action failed to satisfy these tests, those damaged by it would be free to exercise their normal rights to seek an order from the courts making the person inducing the action desist or pay damages. This would apply equally whether

interference with a commercial contract or a contract of employment were in question.

Even if both these tests were met, however, the paper suggests that some secondary action would still be too remote from the original dispute to justify depriving those damaged by it of their right to obtain redress in the courts. In addition to these two general tests, it is therefore proposed that people should be free to bring civil proceedings for any interference with their *commercial* contracts if this arose from secondary industrial action which took place beyond bounds which would be set statutorily, as follows. Where the inducement to break or interfere with a commercial contract arose in connection with industrial action threatened or taken in furtherance of a dispute by employees of the employer in dispute, the person inducing the breach or interference would continue to have immunity, and redress could not be obtained against him or her in the courts. This would also apply to secondary industrial action in furtherance of that trade dispute taken by employees of those first suppliers or customers of the employer in the dispute who were not themselves party to the dispute but who regularly conducted a substantial part of their business with such a party.

Inducements to break only contracts of employment in furtherance of a trade dispute would continue to attract immunity, provided that the general tests of 'in furtherance' were satisfied.

STATEMENT ON PICKETING LAW

Sir Michael Havers, the Attorney-General, made a statement to the House of Commons on 19 February (*Hansard*, Vol 979, No 120, cols 238-59), clarifying the law on picketing. The statement followed events arising from the picketing of private steel firms during a strike of workers employed by the state-owned British Steel Corporation.

These events, Sir Michael said, 'have renewed public anxiety about the law on picketing and intimidation. I must emphasise that the law on picketing does not, in any real way, change the criminal law and in no way diminishes the rules that govern public order.'

The Attorney-General continued: 'Peaceful picketing in contemplation or furtherance of a trade dispute is lawful so long as it is the honest belief of those involved that their action will advance the interests of those in dispute. This does not mean the freedom to picket is a licence to obstruct or intimidate. The law permits picketing solely for the purpose of peacefully obtaining or communicating information or of peacefully persuading another person to work or not to work.

'The immunity from civil proceedings given by section 15 of the Trade Union and Labour Relations Act 1974 does not extend to any wrongful act such as violence, threats of violence or similar intimidation – whether by excessive numbers of pickets or otherwise, or molestation amounting to a civil wrong. In those circumstances it may be open to the employer, on his own behalf or on that of his workforce, to take action in the civil courts. In addition, the criminal law is perfectly clear. Each of us has the right to go about his daily work or pleasure free from interference by anybody else. Each one of us is free, as an individual, to come and go as he pleases to his home or to his place of work.

'The law specifically protects our enjoyment of those rights. If anyone tries to deter us from exercising those rights by the use of violence or intimidation, or obstruction, he is breaking the law and may be punished . . .

'So far as excessive numbers are concerned, the courts have recognised that the police may limit the number of pickets in any one place where they have reasonable cause to fear disorder. In my view, this includes, in the appropriate case, not only asking some of those present to leave but also preventing others from joining the pickets.

'The enforcement of the law is, and must remain, a matter for the police and the courts. I recognise the difficult task that chief officers of the police have in deciding how order can best be maintained so as to ensure that ordinary people can exercise their own rights.

'It is the function of the law to protect the rights of people – employers and employees – to go about their daily business, to work or not to work, and to make their own decisions whether to exercise those rights. If we let go of that principle then we risk abandoning the rule of law and risk surrender to the rule of violence.

'I hope that by stating the main principles of the law . . . I have removed the doubts and encouraged all those concerned, whether pickets or others, to respect and uphold the law. I am sure that the great majority in this country will support this.'

Euronet DIANE

An advanced and wide-ranging data transmission service – Euronet DIANE – has been inaugurated between the member countries of the European Community. The British Post Office has had an important role in the development of the system.

A European Community project to provide access to computerised information on a wide range of subjects via a Community-wide data-transmission network was officially inaugurated on 13 February by the President of the European Parliament, Mme Simone Veil, and the President of the Commission, Mr Roy Jenkins (see p 127, 1976). Named Euronet DIANE, the project will eventually bring together 23 independent European computerised information services and a database transmission network (Euronet) operated by the telecommunications authorities of the Community, using their public telephone networks. The information services are collectively called DIANE (Direct Information Access Network for Europe) and will provide access to some 150 databases on the 23

computers, on scientific, technical, economic and social subjects. It is expected to be of particular interest to administrative, industrial, commercial, research and educational organisations working in the fields of aerospace, agriculture and veterinary science, engineering, computing and electronics, medicine, metallurgy, patents, petroleum, pharmaceuticals and the social sciences.

The network commenced operations on a provisional basis in November 1979. At present 12 of the projected 23 computers are linked to the service, and provide access to 74 databases.

Users of the service will be able to obtain information from any of the databases, using a computer terminal installed in their own premises. The costs of using the system (which were implemented on 1 March 1980 following a free trial period) do not depend on the distance between the user and the database, but have been drawn up so that they relate to national inland telephone call charges. The agreements reached on this system of charging, and on a number of technical matters such as the adoption of standardised computer equipment and a standard language for the 23 computers, are the result of five years of highly co-ordinated planning by the Commission, the telecommunications authorities, the computer service operators, and those providing the information on the databases. The British Post Office has had an important role and is responsible for the operation of the network management centre, which is in London, and for running an automated 'directory enquiry' service in six languages.

Euronet incorporates 'packet switching', a technique in which data are transmitted not in individual 'bits' (that is, digitalised pieces of information) along a direct line to the recipient – as in 'first-generation' data transmission systems – but in 'packets' of data. Each packet is electronically addressed to its destination, and is sent via an intermediary packet switching exchange which can 'read' the address and determine an optimum route for the packet. (Euronet has four such exchanges, in London, Frankfurt, Paris and Rome.) The resulting increase in utilisation of the telecommunications network makes savings in transmission costs possible. Packet switching also enables data to be transmitted between computers which are not normally compatible with one another.

Britain has made a notable contribution to the development of such systems, and indeed of data transmission in general. The Post Office has had its Datel service in operation since 1964, and in 1979 an international packet switching service was opened between Britain and the United States (see p 246, 1979). In February 1980 this was extended to Canada. Later this year the Post Office will inaugurate an inland packet switching service in Britain. The number of data transmission terminals installed in Britain is greater than in any other country except the United States.

It is planned to extend the Euronet system to Switzerland by the end of 1980 and extensions to other countries outside the Community are envisaged. The Commission is promoting the development of high-technology information systems generally.

Distribution of Income and Wealth

Some of the major findings of the Royal Commission on the Distribution of Income and Wealth during its five years' work, from 1974 to 1979, have been published in summarised form, with diagrams, in a booklet with the title 'An A to Z of Income and Wealth'.[1] The findings are presented in six sections: Income, Work and Pay, Wealth, Kinds of Wealth, The Accumulation of Wealth, and A Look Abroad.

Income

In 1976-77 the highest 10 per cent of the population received 26·2 per cent of total income before tax while the lowest 10 per cent received 2·5 per cent. The corresponding figures after tax were 23·2 per cent and 3·0 per cent. Since 1949 there has been little change in the shares of pre-tax income taken by the top and bottom halves of the population: in both 1949 and 1976-77 the top half received 76 per cent and the bottom half 24 per cent. Successive falls in the share of the top 10 per cent have been largely retained in the top half of the distribution.

On average over 20 per cent of income was paid in tax in 1976-77, compared with 10 per cent in 1959. In 1959 only the top 10 per cent of the population paid over one-tenth of their income in tax but, in 1976-77, 70 per cent did so.

Work and Pay

The composition of income differed sharply between different groups. For the top 20 per cent of the population, 82 per cent of income represented earnings from employment, 8 per cent was income from self-employment, 7 per cent was investment income and 3 per cent was transfer income (including state pensions and social security payments). For the lowest 20 per cent of the population the corresponding figures were 56 per cent (earnings from employment), 4 per cent (self-employment), 2 per cent (investment income) and 38 per cent (transfer income).

The differences between the average earnings of men in different occupations have become less in the course of the present century. The most pronounced change has concerned higher professionals, whose earnings have fallen considerably (from roughly 350 per cent of average earnings in 1913-14 to a little over 170 per cent in 1978). The corresponding figures for managers were over 210 per cent and nearly 170 per cent. The earnings of lower professionals and foremen also fell in relation to average earnings but by much smaller amounts. The relative earnings of unskilled manual workers increased only slightly, from somewhat under to a little over 70 per cent of the average.

The importance in relation to wages and salaries of benefits (including superannuation, holidays, sick pay and employers' national insurance contri-

[1]HMSO, £1·25. ISBN 0 11 730118 3. Figures given in this article may apply to the United Kingdom as a whole, to Great Britain (England, Wales and Scotland) or to England and Wales only; coverage for the separate topics is not specified in the booklet which does, however, refer to the original reports of the Royal Commission, where details of coverage are given.

butions) additional to pay has increased in recent years. For non-manual employees in 1977 the cost of benefits received amounted to 64 per cent of salary, compared with 43 per cent in 1973. In general, the more senior the staff the greater were the benefits in relation to cash earnings. In July 1978, for factory superintendents, the average value of benefits in kind and superannuation contributions amounted to 18 per cent on top of salary; the figure for managing directors was 36 per cent.

Between 1961 and 1978 men's average earnings increased by about 40 per cent, after allowance is made for price increases, and women's by about 60 per cent. For every hundred jobs, manual work was supplanted by more highly paid work at the rate of nearly one job a year. The biggest change in the composition of the workforce between 1921 and 1976 was the increase in the number of women, and more particularly of married women (from 4 per cent to 26 per cent of the total), who went out to work.

The income before tax of the self-employed was more unevenly distributed than total income. The top 10 per cent of the self-employed population accounted for 36 per cent of total income from self-employment and the lowest 10 per cent for less than 2 per cent of the total. The wide spread of incomes of the self-employed can largely be explained by the very high incomes of a small number of people, mainly professionals. Although those in professional services (mainly lawyers, accountants, architects, engineers, doctors and dentists working on their own account) made up only 6 per cent of all the self-employed they accounted for 35 per cent of those whose incomes were in the top 10 per cent.

Wealth

On marketable wealth, that is assets that can be bought and sold, the Royal Commission found that in 1976 the top 1 per cent of the adult population owned 25 per cent of the total, a larger share than that of the lowest 80 per cent, who owned 23 per cent. However, the distribution has become much less unequal over the years. Estimates for 1923, though not as reliable as those for more recent years, show that the top 1 per cent of the population held about 60 per cent of marketable wealth; this fell to 31 per cent in 1966 and to 25 per cent in 1976. Between 1966 and 1976 the share owned by the lowest 90 per cent increased from 32 per cent to 40 per cent.

Although pension rights as a form of wealth differ from marketable wealth in certain important ways, their inclusion affects the figures of wealth distribution considerably. When both occupational and state pension rights were included the share of the top 1 per cent in 1976 fell to 14 per cent while that of the lowest 90 per cent rose to 60 per cent.

The pattern of assets held as wealth has changed considerably since 1960, when homes made up 19 per cent of total personal assets, compared with 37 per cent in 1976. Other rising proportions included those of life assurance policies (from 11 to 14 per cent) and building society deposits (from 5 to 8 per cent), while the proportion accounted for by company shares fell (from 21 to 10 per cent).

There has been a steady increase in home ownership; at the same time house prices have risen by more than prices in general. This has benefited those around the middle of the wealth distribution and so has made the distribution more equal. In 1976 the top 1 per cent of the population accounted for 9 per cent of home ownership while the lowest 80 per cent accounted for 42 per cent. Company shares have become a less popular form of wealth over the last 20 years; over this period the proportion of ordinary shares listed on the Stock Exchange held by individuals fell from two-thirds to just over one-third, the balance having been taken up by pension funds, insurance companies and other institutions. Share ownership is concentrated at the top of the distribution, with the top 1 per cent owning 54 per cent of the total. The pattern of ownership of land closely resembles that of shares.

On international comparisons of income the Royal Commission found that, although the distribution of income did not vary much between industrial countries, it seemed to be more uneven in Canada, France, the Federal Republic of Germany, Japan and the United States than in Britain, Australia, the Irish Republic and Sweden.

International comparisons of wealth were more difficult to make. However, the figures suggest that the top groups in Britain own larger shares of total wealth than their counterparts in Canada and the United States.

Shorter Notes

DOUBLE TAXATION RELIEF (UNITED STATES)

On 18 February the House of Commons approved a draft order on the double taxation convention[1] with the United States, designed to supersede the convention entered into in 1945. The United States Senate approved the convention on 9 July 1979. It comes into force 30 days after the instruments of ratification are exchanged in Washington. Many of the provisions of the convention will have retrospective effect to 1975 and in some cases 1973. The main question considered in the House of Commons debate (*Hansard*, Vol 979, No 120, cols 173-200) was the unitary taxation system.

The convention, originally approved on 12 January 1977 (*Hansard*, Vol 923, cols 1573-604), was ratified despite widespread British reservations about the unitary system of taxation. Under this system, applied mainly in three states – Alaska, Oregon and California – the profits of the subsidiary companies belonging to one group are amalgamated and allocated on an arbitrary basis between the subsidiaries. This means, in the words of Mr Peter Rees, Minister of State at the Treasury, 'that the country in which [a] subsidiary operates receives what it regards as a fair tax but the group may not be so satisfied'.

[1] *Double Taxation Relief (Taxes on Income) (The United States of America) Order 1980.* HMSO, £1·75. ISBN 0 11 008506 X.

Britain and other countries have adopted the model of double taxation[1] of the Organisation for Economic Co-operation and Development (OECD), the general principle of which is that profits should be allocated between the various companies of a group on the 'arm's-length' basis. Mr Rees said that the Government, like its predecessor which negotiated the convention, disliked the unitary system on technical grounds, because it did not comply with the OECD model, and, more specifically, because it was an arbitrary method of arriving at the tax liability of subsidiaries operating in the countries which chose to apply the system. The compliance cost could also be considerable, he added.

An article inserted in the convention approved in 1977 prevented the United States federal authorities, any state in the United States or the British Government from applying the unitary system to any group or company resident in or emanating from the other country. However, the United States Senate failed to ratify the convention because of a reservation entered about this article which, it was said, constituted a potential infringement by the federal authorities of states' rights. The present, renegotiated, convention does not include such a ban. Nevertheless, Mr Rees said, he was not in favour of further delay by the Government in the ratification of the convention which, he commented, was already getting a little old, being operative back to 1973. If the House approved the convention, and if it were ratified thereafter, 'we shall be prepared to place on record, for all to see, our reservations on the unitary system'. There would be an annual review of the working of this double tax system and when the moment was propitious the Government would be prepared to raise it again.

SPECIAL EMPLOYMENT MEASURES

Changes in the special employment measures for the year beginning on 1 April 1980 were announced by Mr James Prior, Secretary of State for Employment, to the House of Commons on 14 February (*Hansard*, Vol 978, No 117, cols 1755-66). The current measures to reduce unemployment had been reviewed, Mr Prior said, 'taking account of their cost-effectiveness, the particular groups most in need of assistance and what we could afford'.

The number of entrants to the Youth Opportunities Programme (see p 68, 1978), which provides work experience and training opportunities for unemployed young people designed to improve their prospects of finding permanent jobs, is to be increased from 210,000 in the current year to 250,000-260,000 in 1980-81, with the number of filled places increasing to 100,000-105,000.

[1]Britain has made comprehensive double taxation conventions with most Commonwealth and many foreign countries whereby income of certain classes arising in one country is, subject to certain conditions, exempt from or charged at reduced rates of tax in that country if it flows to a resident of the other country. Where income remains taxable in both countries relief from double taxation is given by the country of the taxpayer's residence.

The Community Industry Scheme for personally or socially disadvantaged unemployed young people (see p 285, 1973) is to be maintained at the current level of 6,000 filled places.

The Special Temporary Employment Programme for long-term unemployed adults (see p 279, 1977) is also to be maintained, at 12,000-14,000 places, concentrated on special development areas, development areas and designated inner city areas.

The Small Firms Employment Subsidy Scheme (see p 68, 1978), which Mr Prior described as 'the least cost-effective of the special employment measures', will close for applications on 31 March, but the Temporary Short-time Working Compensation Scheme (see p 381, 1978) reimbursing employers for up to six months for payments made to employees on short time as an alternative to redundancy, will continue to operate throughout the country on the present basis.

The Government will extend for a further year the Job Release Scheme (see p 413, 1976), which creates vacancies for the unemployed by enabling older workers to leave their jobs before retirement age. The scheme will continue to be open to women aged 59, but for men who are not disabled the age of eligibility under the scheme will revert from 62 to 64; the allowance will, however, be increased. There will also be a special Job Release Scheme to enable disabled men to leave their jobs from the age of 60, as at present, and to be replaced, wherever possible, by an unemployed disabled person.

The Government believed, Mr Prior said, 'that this programme of measures will make an important contribution towards reducing unemployment and helping particularly hard-hit groups within a general level of expenditure that we can afford'. The total cost of the schemes for the coming year will be some £360 million.

NATIONAL ENTERPRISE BOARD

The Government's intention to release the National Enterprise Board (NEB) from a requirement to realise £100 million from the disposal of assets in the current financial year was announced in the House of Lords on 18 February (*Hansard (HL)*, Vol 405, No 82, cols 486-93) by Lord Trenchard, Minister of State at the Department of Industry, during a debate on the Industry Bill (see pp 339-40, 1979). This requirement had been announced by the Secretary of State for Industry, Sir Keith Joseph, in the House of Commons on 19 July (see pp 243-4, 1979) as part of the Government's plan to raise £1,000 million in the current financial year through the sale of public assets (see pp 191-7, 1979). The NEB sold its shareholding in ICL in December for £38 million (see p 27), and further disposals of NEB assets are expected in due course, having regard to the interests of the companies and the taxpayer. Lord Trenchard said that the Government's general disposals programme was well on course and that the £1,000 million target would be achieved.

METRICATION

In a House of Lords debate on 31 January on the Government's policy on metrication (*Hansard* (*HL*), Vol 404, No 74, cols 1041-75) Lord Trenchard, Minister of State at the Department of Industry, said that the conversion to the metric system was very nearly done. He went on to explain that, since the original decision in favour of metrication was taken in 1965, successive Governments had taken the view that the orderly adoption of the metric system was in the national interest. The present Government had decided that the job could be completed in an orderly way with a voluntary system; it considered this better than fixing a particular date for completion, especially as some of the remaining problems were very difficult and peculiar to the industries concerned.

In reply to questions raised in an earlier speech, Lord Trenchard stated that there was no evidence that supporting legislation was necessary or desirable to complete the change. He added that the Department of Trade would be responsible for any overall co-ordination that might be necessary but he did not believe that this would be substantial.

This statement of government policy followed earlier announcements by Mrs Sally Oppenheim, Minister for Consumer Affairs. On 26 September 1979 Mrs Oppenheim said in Bury St Edmunds that she had no plans for any further compulsory metrication orders. On 14 November 1979 she told the House of Commons in a parliamentary reply (*Hansard*, Vol 973, No 67, written answers, cols 642-3) that she had been reviewing, with the Secretary of State for Trade, the functions of a number of public bodies for which they had responsibility, including the Metrication Board, to see whether they were essential. Metrication had now been extensively adopted in manufacturing industry and the retail trade, where most prepackaged goods sold in prescribed quantities were now sold in metric sizes. This meant a very limited scope for the Board's activities which, Mrs Oppenheim said, could easily be fulfilled by the Departments of Trade and Industry.

Mrs Oppenheim added that, in a few months' time, after the final Statutory Orders made by the previous Administration prescribing metric sizes for tea and suet had taken effect, there would be few, if any, cases where public information was necessary as the Government had no plans for further compulsory orders of this type.

Current appointments to the Board expire on 30 April. The Minister said that she did not, in present circumstances, intend to renew these or make new ones, so that the Board would then come to an end.

SOCIAL AND CULTURAL AFFAIRS

Broadcasting Bill

The Broadcasting Bill, which has received a second reading in the House of Commons, contains four major provisions: the establishment of Britain's fourth television channel; the extension of the life of the Independent Broadcasting Authority (IBA), due to expire in 1981; the establishment of a single Broadcasting Complaints Commission to deal with complaints of unfair treatment by either the British Broadcasting Corporation (BBC) or the IBA; and financial arrangements for independent local radio.

PROVISIONS OF THE BILL

The Fourth Television Channel

The Bill gives the IBA responsibility, subject to strict safeguards, for a new service on the fourth television channel. The essential features of the proposals in the Bill are as follows:

(1) the IBA will have overall responsibility for the fourth channel (the second independent service);

(2) in addition to the general requirements regarding programme standards in all the services it broadcasts, the IBA will be required to ensure that the fourth channel service contains a suitable proportion of programmes calculated to appeal to tastes and interests not generally catered for by the existing ITV channel; to ensure that a suitable proportion of programmes are of an educational nature; to encourage innovation and experiment; and generally to give the fourth channel service a distinctive character of its own; subject to these requirements, the fourth channel and the existing ITV services will be scheduled on a complementary basis;

(3) the IBA will be required to ensure that a suitable proportion of programmes broadcast on the fourth channel in Wales are in Welsh, and consultation will take place between the BBC and the IBA on the scheduling of their respective Welsh language programmes; in the rest of the United Kingdom the fourth channel will, at least in the early years, be a national service;

(4) the IBA will also be required to ensure that a substantial proportion of fourth channel programmes are provided otherwise than by the independent television contractors;

(5) the functions of obtaining programmes and assembling them into schedules will be carried out under the general supervision of the IBA by a subsidiary formed by the Authority for the purpose;

(6) the IBA will be required to include in its annual report information about, for example, the way in which the fourth channel service has differed from the independent television service;

(7) the finance needed for engineering, transmitting and supervising the channel and to enable the subsidiary to purchase programmes for the new service will come from the independent television companies who, in return, will have the right to sell advertising time in fourth channel programmes broadcast in their regions.

Extension of the Life of the IBA

Under existing legislation, the life of the IBA is due to expire on 31 December 1981, having been twice extended pending the Annan Report (see pp 170-2, 1977) and government action on that report, first in 1974 to 31 July 1979 and then in 1978 to the end of 1981. The Bill proposes an extension of 15 years, the period recommended by the Annan Committee, until 31 December 1996.

The Broadcasting Complaints Commission

The Bill makes provision for a single independent Broadcasting Complaints Commission to deal with complaints against either the BBC or the IBA of unfair or unjust treatment in broadcast programmes or of infringement of privacy in, or in the making of, programmes. The proposals follow the recommendations of the Annan Committee. The Commission will consist of three or more members appointed by the Home Secretary and will have a small staff. The Bill provides for contributions towards the cost to be paid to the Home Secretary through the IBA by the independent television and local radio contractors. Provision will be made for a BBC contribution under the Corporation's Licence and Agreement.

Independent Local Radio

There are at present 19 independent local radio stations. Contracts for a further nine stations in locations approved by the last Home Secretary have been signed but have not yet come into operation; and the present Home Secretary approved an additional 14 local radio stations last November. The Bill provides for rental payments

to be made to the IBA by the local radio contractors in respect of the Authority's costs in supervising and expanding the system and introduces a levy payable to the Exchequer on their profits. The rate of the levy is set at 40 per cent, but (like the two-thirds levy on the profits of the ITV contractors) this may be varied by order. There are also provisions to enable the IBA to make grants to local radio contractors. This will allow the IBA, for example, to assist the expansion of independent local radio, particularly in the less populous areas, or to improve the quality of the service. The prescriptive right of local newspapers in certain circumstances to be offered shareholdings in local radio companies is reaffirmed.

PARLIAMENTARY DEBATE

Home Secretary's Speech

Opening the debate on the second reading of the Bill in the House of Commons on 18 February (*Hansard*, Vol 979, No 119, cols 48-164) the Home Secretary, Mr William Whitelaw, said that the Government had undertaken at the opening of Parliament to bring forward proposals for the future of broadcasting and, in particular, legislation to extend the life of the IBA giving it, subject to strict safeguards, the responsibility for a new service on the fourth television channel.

Fourth Television Channel

Discussing the proposals for the fourth channel, Mr Whitelaw said that the Government was of the view that it should not constitute a direct or continuing charge on public funds but that it must be financially viable and self-supporting. There were risks in having an Open Broadcasting Authority (as proposed by the last Government; see pp 309-11, 1978) directly appointed and directly funded, to a substantial degree and on a continuing basis, by the Government. A fourth channel that, far from extending the choice available to viewers, had the effect of restricting choice by intensifying to an unacceptable level competition for the ratings, would not be countenanced. The proposed fourth channel would serve the viewing public by offering opportunities for programmes which, in the words of the Annan Committee, 'say something new in new ways' and find ways to meet the needs of specialist and minority audiences. The Government was seeking to provide an outlet for the talents of independent producers as well as greater opportunities for the regional independent television companies. Independent Television News should be given the opportunity to cover news more extensively.

The best way of achieving a service of this kind was to vest responsibility for the channel in the IBA, which had the experience and ability necessary to provide it. Existing legislation stipulated that the programmes for the IBA's present services should be provided not by the IBA itself, but by programme contractors that, in consideration of payments to the Authority, had the right and duty to provide programmes and the right to sell advertising time. The fourth channel would operate on an entirely different basis. Programmes for the channel would be provided by the IBA itself which would not become a programme-making organisation but would be empowered to obtain and assemble programmes for the fourth channel. The Bill required the IBA to establish a subsidiary for obtaining programmes and planning schedules, and such other functions connected with the provision of the fourth channel service. This would distance the IBA from the programme makers and enable it to operate on a similar supervisory level as it did at present for the existing independent television service.

Turning to the question of the services to be provided on the new channel, Mr Whitelaw said that the channel would, at least initially and except in Wales, be a national service. The Bill, however, would not rule out regional variations and there would perhaps be scope for these as the channel developed. The Government was committed to increasing Welsh language broadcasting as quickly as possible and had considered the various ways of achieving this while taking into account the interests of both Welsh and non-Welsh speakers. The fastest, most efficient and most economical way of doing this was to concentrate on the fourth channel all the Welsh language programmes produced by the independent television companies and independent producers and to concentrate on one of the BBC's two channels the Corporation's Welsh language broadcasts. The Government expected the total output of Welsh language programmes, when the fourth channel went on the air, to be at least 20 hours a week and possibly 22 hours. By the placing of those programmes on two channels, the rescheduling of other English language programmes would become more practicable so that viewers in Wales would still be able to see the bulk of English language programmes, both on the BBC channel and on the new fourth channel.

The interests of both Welsh and non-Welsh speaking viewers in Wales would be served best if Welsh language programmes were not scheduled at the same time on a BBC channel and on the fourth channel. This would need close consultation between the BBC and the IBA, and the Bill placed a duty on both bodies to consult each other to ensure that the scheduling of their respective Welsh language programmes would serve the interests of Welsh and non-Welsh speakers as a whole.

The financing of the fourth channel would be the responsibility of the IBA; the Authority estimated that the amount in question would be about £70 million for the first year. It proposed to raise this money by individual subscriptions from the independent television companies and had included provision for that in the independent television company contract specifications. The independent television companies would be able to sell advertising time in the fourth channel programmes broadcast by the IBA in their respective regions. The companies would also have the opportunity of selling suitable programmes to the IBA's subsidiary for broadcasting on the fourth channel. The advertising revenue derived from the fourth channel was expected to pay for the new service, although in the first year or so revenue was unlikely to match expenditure. The profits of

the independent television contractors, and hence the yield of the levy, would fall in the initial period. However, once the new service was established it would pay for itself and the yield of the levy would be restored or increased. The Government was reviewing the whole operation of the independent television levy. Changes in the levy system might go beyond simple alterations in the rate.

The actual date on which the fourth channel came on the air depended on a number of factors, including engineering work, the establishment of the fourth channel subsidiary and the arrangements which would have to be made to acquire programmes, and the question of the financial climate and the availability of resources. While it was hoped that the fourth channel would begin broadcasting in the autumn of 1982, and work would proceed on that basis, it was right that the actual starting date should be kept open.

Opposition View

The chief Opposition spokesman on home affairs, Mr Merlyn Rees, moved an amendment declining to give the Bill a second reading on the grounds that it did not provide for the institution of an Open Broadcasting Authority and contradicted the promise made in the Queen's speech that an early start would be made with Welsh broadcasting on the fourth television channel in Wales. The Opposition believed in the concept of the Open Broadcasting Authority and the control and use of the fourth channel. It wanted strong regional bias. The independent television companies should not be purveyors only of national network programmes operating from the regions. The Opposition preferred the Open Broadcasting Authority and its concept to widen choice, with programmes which would not compete with the existing channels. They agreed with the Annan Committee that programmes should come from a wide variety of sources, in particular from producers outside the existing organisations. The last Government believed that the second best to the Open Broadcasting Authority was an open broadcasting corporation working through to the IBA, but with the same function as the Open Broadcasting Authority. The disadvantage in that was that it would not be generating its own philosophy if it was working with the IBA.

A vote on the Opposition amendment was defeated by 177 votes to 139, and the Bill was given a second reading.

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